

TOP SECRET  
SECURITY INFORMATION

# FY 1953 BUDGET

Volume II

TOP SECRET

[REDACTED]  
[REDACTED]  
12 March 1952

Director's Notes for Congressional Budget Hearings

1. Mr. Becker's office feels that our statement of Soviet military capabilities as contained in the Soviet-Orbit section, Part V, paragraph B, should be expanded and brought into line with the estimates contained in SE-13 and NSC 114/2.

2. It is accordingly suggested that this paragraph be revised to read substantially as follows:

B. Military Capabilities:

1. The Soviet Orbit is estimated to be presently capable of
  - a. Overrunning continental Europe and Near and Middle East (except India and Pakistan).
  - b. Attempting strategic air offensive against UK and North America.
  - c. Carrying out sabotage and clandestine attack against US and its allies with atomic, biological and chemical weapons. (NIE-25)
2. By mid-1953 the USSR should still be able to overrun Western Europe and the Near East, but growing NATO strength will increase Western defense capabilities and lengthen correspondingly the time required for Soviet operations (SE-13).

(In NSC 114/2 it is estimated that "areas of major strategic importance in continental Europe can be held by mid-1953." Elsewhere in NSC 114/2 it is stated that "the United States, its allies, and friendly countries are approaching a time when important strategic positions on the Eurasian continent might be held against Soviet attack. This capability might be achieved by mid-1953, but the defensibility of Western Europe as a whole is probably four years off.")

[REDACTED] 25X1

25X1

Approved For Release 2003/06/18 : CIA-RDP80B01676R002700110001-2

Approved For Release 2003/06/18 : CIA-RDP80B01676R002700110001-2

NOTES ON MEETING RE BUDGET BRIEFING

February 16, 1952, 10:00 A.M.

WOLF: The General for the first time has said it is ~~his~~ his intent that he shall make an introductory statement and turn the questions, etc., over to his assistants.

Chart 1: Discussion over use of "regular intelligence activities".

CONSENSUS: Eliminate "regular" from caption. Call it "intelligence activities." Wolf read from letter from Mr. Lawton authorizing budget, using word "regular."

Consensus: Mention this letter later in briefing.

Chart 2: No significant changes recommended. "I think it looks better sideways."

Chart 3: Division of Funds FY 53.

Hedden: Have you thought of putting OPC budget in two colors; one for materials being stockpiled?

Point is: It is not dead money.

CONSENSUS: Break appropriations for OPC into two classes; one for non-expendible items.

Charts 4 and 5:

Taylor: IAC personnel ought to be mentioned.

Pforzheimer: Wait for the question.

Discussion of advisability of using personnel figures.

Suggestion: Avoid any voluntary excursion into personnel.

Question was raised whether Budget charts show support from other agencies.

Charts do not; Saunders has or can get figures.

Saunders: We reimburse State Department for every nickel -- and then some. We do not reimburse the military.

Chart 6. Organization of CIA

No significant changes recommended.

General Foster: Questions whether we can show that procurement is not extravagant. [ ] is very much interested in tightening up procurement; getting the most out of our dollars.

Wolf: Has report which shows that many of our supplies would cost 55% more if bought in the States.

[ ] Do you plan on naming the 2 programs of SO and the 7 programs of PC? Description of what the office does rests on naming the programs?

Becker: Desirable to have more drama than shown so far. Is there any sanitized example which could be used to provide drama?

Points out that fields of common concern only ones in which "beefing" is going on. Most intelligence functions staying about the same.

Chart 7. Procedure for Review and Approval of Unbudgeted Covert Projects costing in excess of \$25,000.

Hedden: Suggests killing it. Purely defensive.  
(1) Anticipatory rebuttal. (2) Untrue. (3) Our organization on this point is stinko and under review at present.

Taylor: Agrees.

Becker: Agrees.

STAT

White: Let's pick up [ ] suggestion that we prepare something on the management.

X1

[ ] suggests reversing approach; present spectacular first, then budget and administration.

Wolf: We need only make the point that there is an administration and go on.

Desirable to kick off on operations with illustrations.

Start with organization chart. Smith brushes over administration with a phrase.

(CBH: Rewrite Pforzheimer introduction to operations and PSB with jazz and snap.)

Chart 8: Development and Direction of Cold War Activities (PSB)

Becker: Votes against this chart. Seems to show stone wall that PSB is butting into. Might bring up VOA discussion.

Instinct would be to ~~try~~ get the thing over. After the over-all chart drop straight to operations.

Question: Have any of these ~~men~~ men been out of the country and where have they been?

(Later brought out that [ ]

25)

Becker: Suggests 5 to 10 little stories. Recommends another session to see what will be recommended to the General for use.

Pforzheimer went into illustration of jamming of VOA.

Becker: Jamming threatens to black out our communications in time of war.

Question: What are we doing about it?

Hedden: Terribly weak example.

Wolf: Would certainly eliminate the record. ~~May~~ Might make one brief statement.

Presentation on Soviet Documentation:

APPLAUSE

Hedden: That one example shows what has to be done to make an operation possible.

I'd like to use that one example from SO. Take one example of ~~of~~ OPC -- that Toftie movie on guerrilla operation in Korea.

Houston: The exhibits of explosives just show that you are spending money. Documentation shows why you have to spend a great deal for things that don't show.

Wolf: Last year we were able to show that of the airmen who have landed alive in North Korea, 87% have been got out safely. Unfortunately, there are no comparable figures this year.

Suggestion: (White) What you bring out and how you bring it out depends in large measure on who is going to do it. Who is ~~is~~ going to present this material?

General might make opening remarks and each deputy make the presentation of his offices.

Has anybody except the General ever done it? No.

Hedden: Great mistake to bring the deputies.

Houston: Our recommendation should be that General do it. His approach will be to segregate all cold war activities. Stress regular activities.

What operations can you suggest that would be interesting?

STAT

What we did to bring that about. What is going to be disclosed. How it affects all Communist activities.

Houston: Suggests another much shorter dry run; positive presentation.

The General thinks about like this:

I have a budget.

I have these things which I have been directed to do that require money.

I don't want them confused with the cold war; take that stuff in one lump and whack it. I don't give a damn whether they give me a budget for it or not. It must have support, and I am directed to support it.

Wolf: He will take over and do it his own way. We want to use all the influence we can to make him do the job. Each division should know what is being considered and what is being given him. He hopes to turn over the questions to the rest of us.

Last year we were caught without preparation for him.

X1 [ ] If we are going to use these visual aids, it would be better to have them come here.

Wolf: We might get the Senators to come here.

Pforzheimer: There is so much feeling about the dignity of the House, that we better go there.

Hedden: On the intelligence side, ~~much~~ OSI duck OSI.

Becker: I don't find anything particularly dramatic in intelligence production.

Hedden: The thing the General is proudest of is that before he came here we never had had an Intelligence Estimate.

Be sure that we have estimates to show at the hearing.

Other Budget man: The gaudier the visual aids are, the more they seem to indicate a plush situation.

Wolf: I hope we are going to have some psychological warfare posters.

~~There are~~

The General has a portion of the cable which we cut out in [ ]

STAT

Houston: That might be a good lead-off.

Becker: The whole Far Eastern thing is a good opportunity to present our story.

5X1 [ ]  
Wolf: Ferguson last year wanted to know what is the return to the American public from this expenditure?

Wolf: Last year the General went terribly far in talking about OCI. It came as the result of a question.

Becker: ORR has answers to that.

Becker: In summary, a good start has been made. A lot still has to be done. We have to have pointed recommendations about specific topics.

Friday morning, February 22, would be a good date for the next meeting.